

CITY OF HUNTINGTON PARK

Oversight Board Agenda Report

August 12, 2015

Honorable Chair and Members of the Oversight Board
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Members of the Oversight Board of the Successor Agency to the Community Development Commission of the City of Huntington Park:

AUTHORIZATION TO APPROVE A THIRD AMENDMENT TO A PROFESSIONAL SERVICES AGREEMENT WITH GEOSYNTEC CONSULTANTS

IT IS RECOMMENDED THAT THE OVERSIGHT BOARD:

1. Approve a third amendment with Geosyntec Consultants to extend the contract term by one year (June 2, 2016) and include costs associated with the cleanup of the Southland Steel Project in an additional amount-not-to exceed \$215,000
2. Authorize the Executive Director to the Successor Agency to execute the amendment in a form approved by legal counsel

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

For the last nine months City staff has been diligently working with the Department of Toxic Substances Control (DTSC) under the California Land Reuse Revitalization Program (CLLRA), and has made significant progress in the cleanup process of a 5-acre property located at 5959-6169 S. Alameda Street (also known as the Southland Steel property). The property is considered a Brownfield site with contaminants that must be remediated before development. On October 2, 2014, after a 30-day public review period, the DTSC approved the City's Response Plan (Plan) for implementation. This Plan outlines a cleanup strategy for the soil, soil vapor and groundwater for the subject property.

On June 20, 2014 Geosyntec was retained as the Agency's environmental consulting firm under a Professional Services Agreement to assist in the environmental cleanup of the Southland Steel property. Since then, Geosyntec has helped develop a cleanup strategy, provided cost estimates for the work involved, assisted in the selection of a qualified contractor to implement clean-up, and worked with the DTSC in obtaining the necessary approvals to move the

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project forward. Most recently, Geosyntec assisted the City in successfully negotiating a settlement for remediation of groundwater with the DTSC.

Due to the nature and complexity involved in the environmental remediation process, the City has been required perform additional unanticipated work, which is essential to proceed with cleanup efforts. This additional work is outside the scope that was approved under the agreement with Geosyntec. Additionally, the term of the contract expired on June 2, 2015. To continue their contract, the Successor Agency Board approved a third amendment Geosyntec's contract (Attachment B) for an additional amount not-to exceed \$215,000 and a one-year extension to the contract during its regular meeting held on July 6, 2015. Staff is now recommending that the Oversight Board approve this action.

The approved budget under the current contract is for \$408,516. The scope of work that will be covered under the revised budget amount will include:

1. Environmental Consulting services for extended project duration
2. Negotiate groundwater settlement with DTSC
3. Perform data validation confirmation tests
4. Preparation of a Health Risk Assessment Plan
5. Preparation of an Excavation Plan
6. Redevelopment of 5 groundwater wells

The attached proposal from Geosyntec (Attachment A) provides a detailed explanation for this additional work.

The table below illustrates a summary of the budget amount authorized under the current budget contract (\$408,156) and estimated costs for the additional work (\$215,000).

SOUTHLAND STEEL REMEDIATION PROJECT			
Category	Approved Budget	Additional Costs	Total
Environmental/Construction Mngmt	152,106	215,000	367,106
Well Installation/testing	235,750	-	235,750
Other Project Related costs	20,300	-	20,300
Total	\$ 408,156	\$ 215,000	\$ 623,156
Laboratory Analysis*	\$ 150,000		
<i>Lab costs are invoiced as direct project expense and paid on a reimbursable basis</i>			

Scope of Work Approved Under Agreement

The scope of work covered under the current budget (\$408,158) is summarized as follows:

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Environmental Consulting Services

- Assist in cleanup strategy and attend meetings with DTSC, provide cost estimates for environmental expenses, review Response Plan and other environmental documents performed for the site, prepare land survey, topographic map and remedial action completion report

Construction Management

- Coordinate the work for soil excavation activities, assist in the bidding process, review proposals for cleanup, submit required application permits

Ground water well installation/monitoring

- Installation of additional 4 monitoring wells and two rounds of sampling and analysis (Amendment No. 1)
- Installation of additional 2 groundwater wells on Wilmington Avenue, adjacent to the Marvin Electric site (Amendment No. 2)
- Preparation of reports regarding results from well testing
- Laboratory analysis costs for groundwater testing

Two amendments were previously approved to include additional investigations to clarify groundwater contamination, which required the installation of 6 groundwater wells (4 at the project site and 2 off-site). The results from these wells allowed the City and the DTSC to obtain a better understanding of the direction of groundwater flow and establish a settlement amount for groundwater remediation.

FISCAL IMPACT/FINANCING

Soil and soil vapor remediation expenses will be paid from a \$1.2 million loan/grant received from DTSC and EPA. Any costs exceeding this amount will be paid from Successor Agency Funds (i.e. proceeds from the sale of land). For reference, attachment C provides an estimated budget for total cleanup costs associated with this project.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 5, 2005, the Community Development Commission (now Successor Agency) and Department of Toxic Substances Control ("DTSC") entered into a California Land Revitalization Reuse Act (CLRRA) agreement, which requires environmental characterization of the site and the development of a Response Plan (the "Plan"), and in turn provides the property owner protection from future environmental liability from prior contamination. This protection can be transferred to subsequent property owners.

As a result of the dissolution of Redevelopment in January 2012, the Southland Steel Property was transferred to the Successor Agency of the City of Huntington

**AUTHORIZATION TO APPROVE A THIRD AMENDMENT TO A
PROFESSIONAL SERVICES AGREEMENT WITH GEOSYNTEC
CONSULTANTS**

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Park and required to be sold. This sale process required the development of a Long Range Property Management Plan ("LRPMP") for the sale of all Successor Agency properties. This plan was approved by the Department of Finance ("DOF") in August 29, 2013. The Agency identified a single interested buyer for the Southland Steel property, Alexander Imports. However, cleanup must be completed before the property is transferred to the buyer.

CONCLUSION

Upon approval by Oversight Board, the Executive Director will sign the amendment to the contract with Geosyntec Consultants in a form approved by legal counsel.

Respectfully submitted,



JOHN A. ORNELAS

Interim City Manager/Executive Director to the Successor Agency

Attachment

A – Proposal from Geosyntec for additional work

B – Amendment

C – Southland Steel Budget

8 June 2015

Ms. Fernanda Palacios
City of Huntington Park
6550 Miles Ave.
Huntington Park, CA 90255

Subject: Geosyntec Professional Agreement
Former Southland Steel Site Remediation - Soil
Geosyntec Project Number HC1479
Request for Additional Budget

Dear Ms. Palacios:

Geosyntec has proceeded with the work authorized in our Professional Services Agreement dated June 2, 2014 and subsequent Amendments and Notices-to-Proceed issued by the City for the Former Southland Steel Site Remediation (Site). We have endeavored to support the City in the execution of the subject project within the project funding and schedule constraints. Geosyntec is requesting additional funding to complete the work. In this letter we provide the justification for the budget request, and description of the additional work.

Justification and Description of Additional Work

1. Multiple Delays

From September 2014 and the selection of the successful remediation contractor bid, until kick-off of the soil remediation activities in April 2015, Geosyntec has maintained continued communication with the City, DTSC, and the remediation contractor, Innovative Construction Services (ICS), coordinating anticipated mobilization dates that were not realized due to matters outside of Geosyntec's control. No budget was provided for the additional coordination work that was performed.

2. Change in Schedule Duration

Geosyntec services provided under our Agreement with the City for soil remediation is directly driven by the contractor's schedule. Geosyntec's original budget for construction management

HC1479/HC1488 Additional Work

(CM) and construction quality assurance (CQA) was based upon a stated assumed duration of 6 weeks in the field (the remediation contractor had not been selected at the time). The current ICS schedule anticipates 10-week duration in total and the on-going pre-excavation sampling has already extended beyond the duration shown in the current schedule. The change in duration from that assumed to actual represents an increase of 1 ½ times the duration currently budgeted.

3. Out of Scope Work

Geosyntec has identified out-of-scope work that is required to complete the remediation work and obtain DTSC approval, but was not included in our original scope of work. Included in the out-of-scope work is work directed by the City and previously performed by Geosyntec in support of the City's successfully negotiated settlement with the DTSC for the remediation of the Site groundwater. Geosyntec provided technical support to the City with suggested remediation technologies, two different methods of estimating the cost of those remediation technologies, and participated in multiple teleconferences with the City and the DTSC on these matters.

After the installation of additional groundwater monitoring wells in 2014. The DTSC commented on the Technical Memorandum Completion Report requiring re-development of 5 of the groundwater monitoring wells for the site. These wells have been previously developed. Re-development is not currently in Geosyntec's scope of work. The cost for well development, planning, oversight, and quality assurance by a Geosyntec Geologist are included in our budget request. The re-development will take place as suggested by Geosyntec and agreed by the DTSC, after the completion of the soil remediation to eliminate the potential of contamination of the wells during the soil remediation which would necessitate yet another re-development.

Geosyntec has proposed to pre-sample the prescribed excavation areas for the purpose of pre-establishing the final extent of excavation prior to commencing the work. The benefits are many for such an approach. One obvious and very important objective of pre-sampling is a high confidence in the predictability of cost at completion prior to the start of work. Other benefits of pre-sampling prior to commencing excavation include pre-profiling and waste landfill designation allowing for direct loading of transport trucks instead of the more costly approach of stockpiling the excavated soil and the second handling to load haul trucks while confirmation and waste profiling samples are collected and analyzed; and, maintenance of the stockpiles eliminated or significantly reduced with a corresponding reduction in the overall duration and cost of the work.

The Response Plan requires confirmation sampling which includes sample collection, laboratory analysis, and comparison of the laboratory analytical results to a predetermined Risked-Based Screening Level in a go, no-go evaluation. Such an approach does not allow for the more favorable industry accepted practice of averaging of analytical results and elimination of data that are very close to the acceptance criteria and would realistically have little or no impact to human health risk. Geosyntec proposed the 95 Upper Confidence Level (UCL) Risked-Based approach to establishing acceptance criteria that was approved by the DTSC. This approach results in less soil required to be excavated than would have been required if the original Response Plan were followed. For instance, after the initial round of pre-excavation confirmation sampling and analysis, up to an additional 2,000 cubic yards of soil would need to be excavated increasing the volume from 3,750 cubic yards to 5,750. Also, soil that is within the excavation areas prescribed in the Response Plan that potentially is not required to be removed and disposed may be identified and left in place. The amount of soil to be excavated is currently being negotiated with the DTSC, but it is clear at this juncture that the volumes will be much less than 5,750 cubic yards. If confirmation sampling were to be performed after excavation with the unfilled excavations open, confirmation sampling has a much greater potential impact on the project schedule and cost while the designation of the extent of excavation is negotiated with the DTSC. Plus, if there is ultimately a significant difference in volume of soil to be excavated, then that information would not be known until nearly 800% of the project remediation budget would have been expended potentially compromising the project's financial model. The pre-sampling and the utilization of the 95 UCL method of data evaluation were not included in the Response Plan and not part of Geosyntec's original scope of work.

Included in the evaluation of the confirmation samples is the requirement for a post-excavation Risk Assessment to demonstrate the human health risks left at the site are within prescribed acceptable probabilities. The Response Plan did not include this requirement. As originally directed by the City, Geosyntec based our proposal on the scope of work described in the Response Plan. Geosyntec identified the method of data evaluation and lack of the requirements to perform a post-excavation Risk Assessment after commencing our work on the subject project and upon discussions regarding executing the work with the DTSC.

The quality of the data utilized to reach decisions about the acceptability of the remediation work is important and must be reliable. As such, the DTSC will require data validation be performed on some of the laboratory testing methods and reported analytical result. The Response Plan did not specify the level or extent of data validation required for the confirmation samples and

analysis. Geosyntec has assumed data validation will be required and the cost for that service is included in our requested budget increase.

Requested Budget Increase

There are no certainties regarding the actual conditions in the soil at the site because current technologies do not provide that information. Not until the remedial excavation is completed and accepted by the DTSC is it known. The samples are collected every 20-feet on center. Therefore, we do not know for certain what is in between. This is the nature of the work. As part of our negotiations with the DTSC regarding Risk-Based acceptance criteria, we are also hoping to limit the depth of excavation to 5 feet, regardless of the concentration of the metal contaminants. This is a practical depth for site development, avoids costly shoring for testing of soil backfill, and reduces the amount of soil excavated and disposed in a landfill. Geosyntec's estimation of our costs to complete the project are presented below. We are requesting a corresponding additional budget to our Agreement with the City.

Item	Original Budget	Additional Budget Requested	Requested Revised Budget
Soil Remediation (CM & CQA only)	\$152,106	\$215,000	\$307,106
Current Total Budget	\$408,156	\$215,000	\$623,156 ¹

¹Note the Geosyntec Agreement includes an allowance of \$150,000 to be invoiced as an expense for outside laboratory testing services that is not a part of the contract amount.

Conclusion

Geosyntec is available to discuss the changes and corresponding requested contractual not-to-exceed value (\$623,156) with the City. Geosyntec will not exceed the total not-to-exceed amount in our contract with the City without providing written notice to the City prior to committing any funds over the not-to-exceed limit and obtaining City authorization. Geosyntec will only invoice

City of Huntington Park
8 June 2015
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for the actual resources utilized to implement the work, up to the not-to-exceed amount. Unused funds will remain unused and will not be invoiced.

Sincerely,
Geosyntec Consultants, Inc.

A handwritten signature in blue ink, appearing to read "Ken Fredianelli", with a small horizontal line at the end.

Ken Fredianelli
Associate

2015
THIRD AMENDMENT
TO PROFESSIONAL SERVICES AGREEMENT

--Southland Steel Property: Geosyntec Consultants--

(Engagement: Environmental Consulting, Remedial Construction Management Groundwater Well Installation, Well Sampling and Reporting, Professional Geological and Civil Engineering Services)

Parties: Geosyntec Consultants and City of Huntington Park as Successor Agency for the Former Redevelopment Agency of the City of Huntington Park.

THIS THIRD AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (the “Third Amendment”) is dated as of June 1, 2015 by and between the City of Huntington Park as successor agency to the former Huntington Park Redevelopment Agency, a public body corporate and politic (the “Successor Agency”) and Geosyntec Consultants, Inc., a California corporation (the “Consultant”), and this Third Amendment hereby further amends and modifies an agreement entitled “Professional Services Agreement,” dated as of June 2, 2014 (the “Professional Services Agreement”) by and between the Consultant and the Successor Agency, as amended. This Third Amendment is entered into by the Consultant and the Successor Agency in light of the facts set forth in the following recital paragraphs:

-- RECITALS --

WHEREAS, the Community Development Commission of the City of Huntington Park served as the governing board of the former Redevelopment Agency of the City of Huntington Park (the “Former Redevelopment Agency”) and the Former Redevelopment Agency acquired certain lands referred to as the “Southland Steel Property” in 2005. The Southland Steel Property is located at 5959-6161 Alameda Street, Huntington Park, California; and

WHEREAS, prior to its acquisition by the Former Redevelopment Agency the Southland Steel Property had been used for manufacturing purposes and the Former Redevelopment Agency determined that various chemicals of concern were present on the Southland Steel Property which required further investigation and clean-up in the interest of protecting and preserving the public health and safety and preventing the spread of blight; and

WHEREAS, the Former Redevelopment Agency entered into an agreement entitled “California Land Reuse and Revitalization Act (CLRRA) Agreement: Southland Steel.” dated August 31, 2006, with the State of California Department of Toxic Substance Control (“State DTSC”) for the environmental investigation and characterization of the Southland Steel Property, including the implementation by the Former Redevelopment Agency (and now as a result of the dissolution of the Former Redevelopment Agency by adoption of ABX1 26: 2011 Ex. Session Chapter 5, the Successor Agency) of appropriate remedial work on the Southland Steel Property approved by State DTSC, such that the Successor Agency may obtain a no further action

determination and release of environmental responsibility for the Southland Steel Property from State DTSC; and

WHEREAS, based upon the work of investigation of the Southland Steel Property undertaken to date by the Successor Agency in consultation with State DTSC, it appears that a further amendment to the Professional Serviced Agreement, as amended by and between the Consultant and the Successor Agency is now indicated; and

WHEREAS, amendments to the Professional Services Agreement are authorized under Section 1.2 of the Professional Services Agreement, as amended.

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS CONTAINED HEREIN, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE CONSULTANT AND THE SUCCESSOR AGENCY AGREE AS FOLLOWS:

1. The agreement between the Consultant and the Successor Agency which was in effect prior to the date of the full execution of this Third Amendment by the Consultant and the Successor Agency is evidenced by the following documents:

- (i) a document entitled "Professional Services Agreement" dated as of June 2, 2014, by and between the Consultant and the Successor Agency; and
- (ii) a document entitled "First Amendment to Professional Services Agreement," dated August 18, 2014 by and between the Consultant and the Successor Agency; and
- (iii) a document entitled "Second Amendment to Professional Services Agreement," dated November 3, 2014.

Collectively, the documents identified in the preceding paragraph of this Section 1 of the Third Amendment as subparagraphs (i) and (ii) and (iii), are referred to herein below as the "Master Agreement." A true and correct copy of the Master Agreement is attached to this Third Amendment as Exhibit "A." Exhibit "A" includes ____ pages of text.

Unless the particular context of the usage of a term or phrase in this Third Amendment may otherwise require, the meaning of words and phrases as used in this Third Amendment shall be the same as set forth in the Master Agreement.

2. As of the date when this Third Amendment has been fully executed by the Consultant and the Successor Agency, there is no default under the Master Agreement nor does a fact, exist, which with the giving of notice and the passage of time by either the Consultant or the Successor Agency would give rise to a default under the Master Agreement, and the Consultant and the Successor Agency each acknowledge and agree that the Master Agreement is in full force and effect.

3. The Consultant hereby acknowledges that as of the date of this Third Amendment (June 1, 2015), the Successor Agency has paid the Consultant the sum of \$378,419 in compensation for “services” or “work,” as each of these terms is defined in Section 1.1 of the Master Agreement, as performed by the Consultant within the Scope of Services under Section 1.1 of the Master Agreement.

4. Section 1.1 of the Master Agreement is amended to include within the Scope of Services, the additional services and tasks to be performed by the Consultant at the direction of the Successor Agency as set forth in the Consultant letter proposal, dated June 8, 2015 under the caption “Out of Scope Work.” Accordingly, upon the execution of this Third Amendment by the Consultant and the Successor Agency, the Scope of Services under the Master Agreement as amended by this Third Amendment, shall include the additional service and tasks to be performed by the Consultant at the direction of the Successor Agency under the Consultant letter proposal dated June 8, 2015. The Consultant letter proposal, dated June 8, 2015 is attached hereto as Exhibit “B” and is hereby included within the Scope of Services under the Master Agreement. Exhibit “B” includes 5 pages of text.

5. Prior to the mutual execution of this Third Amendment, Section 2.1 of the Master Agreement provides for a not-to-exceed sum of Four Hundred Eight Thousand One Hundred Fifty Six Dollars (\$408,156) as compensation payable by the Successor Agency to the Consultant for tasks and services to be performed under the Master Agreement as the Scope of Services. The Successor Agency hereby approves a further increase in an amount not-to-exceed Two Hundred and Fifteen Thousand Dollars (\$215,000) as compensation payable to the Consultant for services and tasks performed by the Consultant within the Scope of Services under the Master Agreement, as amended by this Third Amendment. Accordingly, upon the execution of this Third Amendment by the Consultant and the Successor Agency, the total amount of compensation payable by the Successor Agency to the Consultant under Section 2.1 for all of services and tasks set forth as the Scope of Services in the Master Agreement as amended by this Third Amendment, shall be an amount not-to-exceed Six Hundred Twenty Three Thousand One Hundred Fifty Six Dollars (\$623,156).

6. Section 3.4 of the Master Agreement is hereby amended to read as follows:

“3.4 Term. The term of this Agreement shall commence on June 2, 2014 and terminate on June 30, 2016. This Agreement may be further extended upon mutual agreement by both parties. Unless earlier terminated in accordance with Sections 8.10 or 8.11 of this Agreement, this Agreement shall continue in full force and effect until completion of the services, except as otherwise provided in the Schedule of Performance.”

7. Except as otherwise set forth in this Third Amendment, the Master Agreement as amended by the Third Amendment shall remain binding, controlling and in full force and effect. The Master Agreement, as amended by the Third Amendment shall constitute the entire, complete, final, and exclusive expression of the Consultant and the Successor Agency with respect to the matters addressed in such documents.

8. The provisions of this Third Amendment including Exhibit “B” of this Third Amendment shall be deemed a part of the Master Agreement. In the event of any conflict or inconsistency between the provisions of this Third Amendment and the provisions of the Master Agreement, the provisions of this Third Amendment shall control, but only in so far as such provisions conflict with the Master Agreement

9. This Third Amendment may be executed in counterparts and when fully executed each such counterpart shall be deemed to be part of one original agreement of the Consultant and the Successor Agency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS THEREOF, the Consultant and the Successor Agency have caused this Third Amendment to be approved and executed as evidenced by the signature of the authorized officer of each of them which appear below.

CONSULTANT

Geosyntec Consultants, Inc., a California corporation

By: _____
Name: _____
Title: _____
Date: _____

SUCCESSOR AGENCY

City of Huntington Park as successor agency to the former Huntington Park Redevelopment Agency

By: _____
Name: _____
Title: _____
Date: _____

APPROVED AS TO FORM

By: _____
Attorney for Successor Agency

CITY OF HUNTINGTON PARK
Community Development Department

Southland Steel Project
Environmental Cleanup Estimated Costs
7-12-15

SOURCES OF FUNDS

Federal Sources

DTSC Loan ¹	\$ 800,000
DTSC Grant	200,000
EPA Grant	200,000
Total Federal Sources	\$ 1,200,000

Sale

Sale Price ²	3,200,000	
Less Commission Fee	(141,000)	
Net Sale Price	\$ 3,059,000	(at closing)

Buyer Cleanup Contribution ³	\$ 1,100,000	(at closing)
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TOTAL SOURCES	\$ 5,359,000
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USES OF FUNDS

Cleanup Costs

Soil/Soil Vapor VOCs

Remediation	\$ 871,000
Constructin Mngmt (Geosyntec)	375,000
Lab test fees	150,000
Davis-Bacon monitoring	25,000
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Subtotal	1,421,000
Contingency 15%	213,150

Total Soil Cleanup	\$ 1,634,150
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Soft Costs

Legal fees	25,000
DTSC Fees	60,000
Other fees and permits	20,300
Eco & Associates (Preparation of ResPlan)	40,000
Interest on cleanup loan @3.25%	12,000
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Total Soft Costs	\$ 157,300
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Well Installation Monitoring (Geosyntec)	235,750
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Total Well Installation	\$ 235,750
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Groundwater

Groundwater Buy out Settlement	1,357,000
Contingency Escrow	500,000
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Total Groundwater ⁴	\$ 1,857,000
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TOTAL Cleanup Costs	\$ 3,884,200
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DTSC Loan Repayment	\$ 800,000
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TOTAL USES	\$ 4,684,200
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NET SALE PROCEEDS (Distributed to taxing entities)	674,800
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Notes:

1. DTSC Loan - 3.25% interest, payable on the maturity date 8/24/2019, or upon sale of property
2. Property purchased in 2005 for \$5.4 million. Appraised value is \$4.7 as of January 2013
3. Buyer to pay an additional \$1.1 million towards cleanup (\$400,000 to pay for the DTSC loan + \$700,000 groundwater)
4. Groundwater settlement amount to be paid at closing through escrow